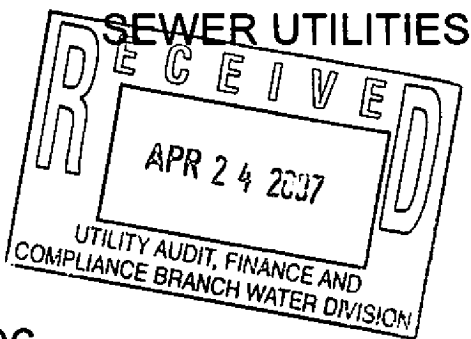


J 4 A

Received _____
Examined _____



U# _____

2006
ANNUAL REPORT
OF

LITTLE BEAR WATER COMPANY, INC.

SEWER DIVISION

(NAME UNDER WHICH CORPORATION, PARTNERSHIP, OR INDIVIDUAL IS DOING BUSINESS)

51201 PINE CANYON ROAD, #125

KING CITY, CA 93930

(OFFICIAL MAILING ADDRESS)

ZIP

TO THE
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
FOR THE
YEAR ENDED DECEMBER 31, 2006

REPORT MUST BE FILED NOT LATER THAN MARCH 31, 2007
(FILE TWO COPIES IF THREE RECEIVED)

INSTRUCTIONS

1. One completed copy of this report (two copies if three received) must be filed NOT LATER THAN MARCH 31, following the year covered by the report, with:

**CALIFORNIA PUBLIC UTILITIES COMMISSION
WATER DIVISION
ATTN: KAYODE KAJOPAIYE
505 VAN NESS AVENUE, ROOM 3105
SAN FRANCISCO, CALIFORNIA 94102-3298**

2. Failure to file the report on time may subject a utility to the penalties and sanctions provided by the Public Utilities Code.
3. The Oath, on the last page, must be signed by an officer, partner or owner.
4. The report must be prepared in ink or by the use of a typewriter. Computer generated report forms may be substituted.
5. The report must be filled in, and every question answered. LEAVE NO SCHEDULE BLANK. Insert the words "none" or "not applicable" or "n/a" when appropriate.
6. Certain balance sheet and income statement accounts refer to supplemental schedules. The totals of the details in the latter must agree with the balances of the accounts to which they refer.
7. Some schedules provide for a "balance at beginning of year." The amount shown should agree with the "balance at end of year" as shown in the report for the previous year. If there is a difference it should be explained by footnote.
8. When there is insufficient space in a schedule to permit a complete statement of the requested information, insert sheets should be prepared and identified by the number of the schedule to which it refers. Be certain that the inserts are securely attached to the report.
9. This report must cover a calendar year, from January 1 through December 31. Fiscal year reports will not be accepted.

CLASS D SEWER UTILITIES
(HAVING LESS THAN 500 SERVICE CONNECTIONS)

LITTLE BEAR WATER COMPANY, INC.
SEWER DIVISION

(Name under which corporation, partnership or individual is doing business)

51201 PINE CANYON ROAD, #125
(Official mailing address)

KING CITY, CA 93930
(Service area-town and county)

GENERAL INFORMATION

RETURN ORIGINAL
TO COMMISSION
NO PHOTOCOPIES

- 1 If a corporation show:
 - (A) Date of organization _____ incorporated in the State of CALIFORNIA
 - (B) Names, titles and addresses of principal officers: ALBIN MORISOLI, PRESIDENT
DIANE JOHNSON, VICE PRESIDENT, DAVID MORISOLI, SECRETARY
51201 PINE CANYON ROAD, #125 KING CITY, CA 93930
- 2 If unincorporated give the name and address of owner or of each partner:

- 3 Name and telephone number of:
 - (A) One person listed above to receive correspondence:
 - (B) Person responsible for operations and services: RICHARD HIWA, GENERAL MANAGER
(831) 385-3524
- 4 Were any contracts or agreements in effect with any organization or person covering service, supervision and/or management of your business affairs during the year? (Yes or No) NO
If so, what was the nature and the amount of each payment made under the agreement, to whom were payments made, and to what account was each payment charged?
- 5 State the names of associated companies or persons which, directly or indirectly, or through one or more intermediaries, control, or are controlled by, or are under common control with respondent:

PUBLIC HEALTH STATUS

- 6 Has state or local health department inspection been made during the year?
- 7 Are routine laboratory tests of water being made?
- 8 Has state health department water supply permit been obtained? (Indicate date)
- 9 If no permit has been obtained, state whether application has been made and when.
- 10 Show expiration date if state permit is temporary.

Yes	No	Latest Date
x		Apr-06
X		Dec-06

- 11 List Name, Grade, and License Number of all Licensed Operators:
JOHN P. ALVES, GRADE I, LICENSE No. I-2890

SPECIAL INSTRUCTIONS (over)

Excess Capacity and Non-Tariffed Services

NOTE: In D 00-07-018, D 03-04-028, and D 04-12-023, the CPUC set forth rules and requirements regarding water utilities provision of non-tariffed services using excess capacity. These decisions require water utilities to 1) file an advice letter requesting Commission approval of that service, 2) provide information regarding non-tariffed goods/services in each companies Annual Report to the Commission.

Based on the information and filings required in D 00-07-018, D 03-04-028, and D 04-12-023, provide the following information by each individual non-tariffed good and service provided in 200

Applies to All Non-Tariffed Goods/Services that require Approval by Advice Letter

Row Number	Description of Non-Tariffed Good/Service	Active or Passive	Total Revenue derived from Non-Tariffed Good/Service (by account)	Revenue Account Number	Total Expenses incurred to provide Non-Tariffed Good/Service (by Account)	Expense Account Number	Advice Letter and/or Resolution Number approving Non-Tariffed Good/Service	Total Income Tax Liability incurred because of non-tariffed Good/Service (by Account)	Income Tax Liability Account Number	Gross Value of Regulated Assets used in the provision of a Non-Tariffed Good/Service (by account)	Regulated Asset Account Number
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N/A

SCHEDULE A - BALANCE SHEET (DECEMBER 31, 2006)

Line	Acct.	Assets	Balance	Acct.	Equity and Liabilities	Balance
1	101	Plant in service	929,097	201	Common Stock (Corporations only)	
2	103	Plant held for future use		211	Other paid-in capital (Corporations only)	
3	104	Plant purchased or sold		215	Retained earnings	259,778
4	105	Plant construction work in progress		218	Excess sewer assets over liabilities	293,390
5	108	Accumulated depreciation of plant	(363,647)	224	Long term debt	5,989
6	114	Plant acquisition adjustments			Current liabilities	3,431
7	124	Other investments		252	Advances for construction	
8	131	Cash		253	Interdivision accounts payable	(49,827)
9	141	Accounts receivable - customers	14,038	255	Accumulated deferred investment tax credits	
10	142	Receivables from associated companies		282	Accumulated deferred income taxes - Acrs	
11	151	Materials and supplies			depreciation	
12	174	Other current assets	981	283	Accumulated deferred income taxes - other	
13	180	Deferred charges		271	Contributions in aid of construction	201,500
14				272	Accumulated amortization of contributions	(133,792)
15		Total Assets	580,469		Total Equity and Liabilities	580,469

SCHEDULE B - SEWER PLANT IN SERVICE

Line	Acct	Title of Account	Balance Beg of Year	Plt Additions During year	Plt Retirements During year	Other Debits or (Credits)	Balance End of year
16	301	Intangible plant	0				0
17	303	Land	113,069				113,069
18	304	Structures	6,264				6,264
19	304	Fencing-	11,682				11,682
	307	Effluent Wells	3,950				3,950
	308	Sierra Vista Sewer System	201,500				201,500
20	311	Sewer Pumps	47,109	3,828			50,937
21	317	Aerators	15,623	2,625			18,248
22	320	Filter System-Sprayfield	980				980
	320	Sewer Treatment Plant	0	3,962			3,962
23	330	Reservoirs and Ponds	17,738				17,738
24	331	Effluent Mains	344,526	808			345,334
25	331	Sprayfield Piping	27,495				27,495
26	331	Sprayfield Improvements	39,585				39,585
27	332	Sewer Manholes	4,500	3,354			7,854
28	333	Sewer Laterals	7,726				7,726
	339	Other Sewer Equipment	26,288	7,030			33,318
340	340	Office Furniture and Equipment	2,606	1,065			3,671
29	341	Transportation equipment	27,094	8,690			35,784
30		Total Plant in service	897,735	31,362			929,097

* Debit or credit entries should be explained by footnotes or supplementary schedules

SCHEDULE C - RESERVE FOR DEPRECIATION OF UTILITY PLANT

Line	Item	Account 106 Plant	
32	Balance in reserves at beginning of year	339,637	A. Method used to compute depreciation
33	Add: Credits to reserves during year		expense (Acct. 403) and rate.
34	(a) Charged to Account No. 403	17,965	STRAIGHT LINE-3%
35	(b) Charged to Account No. 272	6,045	
36	(c) Charged to clearing accounts		B. Amount of depreciation expense claimed
37	(d) Salvage recovered		or to be claimed on utility property in
38	(e) All other credits		your federal income tax return for the year
39	Total credits	24,010	covered by this report \$
40	Deduct: Debits to reserves during year		
41	(a) Book cost of property retired		
42	(b) Cost of removal		C. State method used to compute tax
43	(c) All other debits		depreciation.
44	Total debits	0	
45	Balance in reserve at end of year	363,647	
46	(1) Explanation of all other credits		
47	(2) Explanation of all other debits		

SCHEDULE D - CAPITAL STOCK OUTSTANDING (DECEMBER 31, 2006)

Line

1	Common - (Shares	\$	par)			List persons owning more than 5% of outstanding stock
2	Preferred - (Shares	\$	par)			and number of shares owned by each:
3	Dividends - Common	Rate - \$				
4	- Preferred	Rate - \$				

SCHEDULE E - LONG TERM DEBT

	Class	Date of Issue	Date of Maturity	Principal Amount Authorized	Outstanding Per Balance Sheet	Interest Rate	Interest Accrued During Year	Interest Paid During Year
5	GMAC Financial-Utility Truck	Aug-01	Jul-06	23,000	0		61	61
6	GMAC Financial-Utility Truck	Oct-06	Oct-11	8,356	7,660		0	0
7	Less: Current Portion LTD				(1,671)			
8	Totals				5,989		61	61

SCHEDULE F - INCOME STATEMENT

9	Operating revenues	xxxxxxxxxx
10	460 Unmetered revenue	
11	471 Sewer revenue	215,207
12	480 Other revenue	
13	Total Operating Revenue	215,207
14	Operating revenue deductions	xxxxxxxxxx
15	Operating expenses	xxxxxxxxxx
16	610 Purchased water	
17	615 Power	27,646
18	618 Other volume related expenses	
19	630 Employee labor	44,293
20	640 Materials	7,254
21	650 Contract work	6,202
22	660 Transportation expenses	8,213
23	664 Other plant maintenance expense	6,235
24	670 Office salaries	12,210
25	671 Management salaries	18,276
26	674 Employee pensions and benefits	5,963
27	676 Uncollectible accounts expense	406
28	678 Office services and rentals	3,840
29	681 Office supplies and expense	7,401
30	682 Professional services	3,064
31	684 Insurance	11,111
32	688 Regulatory commission expense	3,818
33	689 General expenses	4,732
34	Total Operating Expenses	170,664
35	403 Depreciation expense	17,965
36	408 Taxes other than income taxes	18,579
37	409 State corporate income tax expense	697
38	410 Federal corporate income tax expense	1,134
39	Total Operating Revenue Deductions	209,039
40	Utility Operating Income	6,168
41	421 Non-utility income	
42	426 Miscellaneous non-utility expense	
43	427 Interest expense	113
44	Net Income	6,055

SCHEDULE G - EMPLOYEES AND THEIR COMPENSATION

Line	Acct	Account	Number at end of year	Salaries Charged to Expense	Salaries Charged to Plant Accounts	Total Salaries and Wages Paid
45	630	Employee Labor	4	44,293	1,826	46,119
46	670	Office salaries	1	12,210		12,210
47	671	Management salaries	4	18,276		18,276
48		Total	9	74,779	1,826	76,605

SCHEDULE H - ADVANCES FOR CONSTRUCTION

Balance beginning of year	
Additions during year	
Subtotal - Beginning balance plus additions during year	
Refunds	N/A
Transfers to Acct. 271 - Contributions in Aid of Construction	
Balance end of year	

SCHEDULE I - TOTAL METERS AND SERVICES (active and inactive)

Size	Meters	Services
-in		
-in		
-in	N/A	
-in		
-in		
Total		

SCHEDULE J - METER-TESTING DATA

Number of meters tested during year	
1	Used, before repair ...
2	Used, after repair
3	Fast, requiring refund ..

SCHEDULE K - SERVICE CONNECTIONS AT END OF YEAR

Classification	Active			Inactive			Total connections	
	Metered	Flat	Total	Metered	Flat	Total	Metered	Flat
Residences		393	393					393
Industrial								
Other (specify)								
Total		393	393					393

NOTE: Total connections (metered plus flat) should agree with total services in Schedule K.

SCHEDULE L - STORAGE FACILITIES

SCHEDULE M - FOOTAGES OF PIPE (EXCLUDING SERVICE PIPES)

Description	No.	Combined capacity In gallons	Description	2" and under	2 1/4 to 3 1/4	4"	Other sizes (specify)			Totals
							6"	8"	10"	
Concrete			Cast Iron							
Earth			Welded steel							
Wood			Standard screw							
Steel			Cement-asbestos							
Other			Plastic							
			Other (specify)				1,382	198	804	2,384
Total			Total				1,382	198	804	2,384

DECLARATION

(BEFORE SIGNING PLEASE CHECK TO SEE THAT ALL SCHEDULES HAVE BEEN COMPLETED)

I, the undersigned (officer, partner or owner) of Little Bear Water Company, Sewer Division (Name of utility), under penalty of perjury do declare that this report has been prepared by me, or under my direction, from the books, papers and records of the respondent; that I have carefully examined the same, and declare the same to be a complete and correct statement of the business and affairs of the above-named respondent and the operations of its property for the period

From and including January 1, 2006, to and including December 31, 2006.



Signed
General Manager

Title
9/20/07

Date